Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Juan Carrillo, Chair
SB 1171 (Caballero) – As Amended April 23, 2026

SENATE VOTE: 29-9

SUBJECT: State funds: grant programs: loan programs: eligibility

SUMMARY: Prohibits the awarding of a grant or loan that uses state funds to a private entity that contracts with United States Immigration and Customs Enforcement (ICE). Specifically, **this bill**:

1) Provides the following definitions:

   a) "Administrator" means a state agency, local agency, or third-party contractor administering a covered program.

   b) "Covered program" means a grant program or loan program that uses state funds.

   c) "Local agency" means any city, county, special district, authority, or other political subdivision of the state.

   d) "Nonprofit organization" means an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)).

   e) "Private entity" means a sole proprietorship, partnership, limited liability company, corporation, nonprofit organization, or other nongovernmental entity.

   f) "Third-party contractor" means either a nonprofit or other organization that contracts with a state or local agency to administer a covered program or a recipient of a grant or loan from a covered program if the conditions of the grant or loan require the grant recipient to redistribute a portion of those funds to nonprofit organizations.

2) Prohibits an administrator from awarding a grant, or issuing a loan, from a covered program to a private entity that contracts with ICE.

3) Requires each private entity applying to a covered program to agree to identify to the administrator of that covered program any subcontractors to be used under the contract and to certify to the administrator that the subcontractors do not contract with ICE.

4) Requires an administrator shall include in their eligibility requirements for their covered programs that an eligible private entity and its subcontractors for each covered program, if any, shall not contract with ICE.

5) Provides that the provisions of this bill shall not apply to the awards of grants or issuance of loans for which an application was submitted, or award or issuance was made, before July 1, 2027.

6) Contains a number of findings and declarations regarding its purpose.

7) Finds and declares that this bill addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill applies to all cities, including charter cities.

8) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution, as specified. However, if the Commission on State Mandates determines that this bill contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made, as specified.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- Unknown impact on state and local agencies to update application forms, regulations, and other eligibility criteria, as well as to verify prospective awardee compliance. While minor workload increases may be absorbable within existing resources, the total administrative cost to vet prospective awardees remains contingent upon the accessibility and completeness of required contracting data. Additionally, if the bill's eligibility prohibitions significantly narrow the applicant pool, there may be fiscal pressures on project delivery timelines and overall costs.

- Unknown, potential state reimbursable mandate costs to the extent the Commission on State Mandates determines the provisions of the bill impose a higher level of service for local agencies and school districts.

COMMENTS:

1) **Bill Summary**. This bill prohibits an administrator from awarding a grant, or issuing a loan, from a covered program to a private entity that contracts with ICE. Each private entity applying to a covered program must agree to identify to the administrator of that program any subcontractors to be used under the contract and to certify that the subcontractors do not contract with ICE.

   This bill requires an administrator to include in their eligibility requirements for their covered programs that an eligible private entity and its subcontractors for each covered program, if any, shall not contract with ICE.

   This bill does not apply to the awards of grants or issuance of loans for which an application was submitted, or award or issuance was made, before July 1, 2027.

   This bill is sponsored by the Inland Coalition for Immigrant Justice.

2) **Author's Statement**. According to the author, "California is home to nearly 11 million immigrants, including over 2 million undocumented residents. Our state has long valued the contributions immigrants make to our economy and communities and has enshrined

protections for immigrants in state law. Immigrants have strengthened our economy, enriched our cultural identity, and have positively contributed to the social fabric of California since its founding.

‘Since June of last year, U.S. Immigration and Customs Enforcement (ICE) has conducted military-style immigration raids throughout the country, including here in California. These operations have overwhelmingly targeted communities of color, separated children from their parents, torn families apart, undermined public safety and trust in our local governments, and have deterred many of our immigrant neighbors from accessing critical resources like health care, education, and emergency services.

“Masked ICE agents have used violent and aggressive physical enforcement tactics to enforce civil immigration policy. These enforcement actions have led to numerous lawsuits alleging racial profiling, unlawful detention, and excessive use of force against United States citizens, lawful permanent residents, and undocumented immigrants alike.

“While California does not have the authority to prevent the federal government from operating in our state, we do have the authority to decide how state and local tax dollars are spent. The Legislature has a responsibility to the taxpayers of the state to ensure their tax dollars are spent in a way that aligns with our values of community stability, safety, inclusivity, and the overall well-being and protection of every California resident.

“Consistent with this responsibility, SB 1171 will exclude any private entity that contracts, works or partners with ICE, ineligible to receive consideration for a state funded loan or grant of any kind. California will not support the efforts of ICE, either directly or indirectly, when their actions contravene our values, instill a sense of fear in our communities, or harm our residents.”

3) **Background**. California administers a wide range of grant and loan programs funded with state dollars across various sectors such as housing, education, infrastructure, environmental protection, and economic development. Some of these programs include:

   a) Housing grants. The Department of Housing and Community Development oversees major state-funded programs that provide both grants and loans for affordable housing and homelessness response, including Homekey, the Homeless Housing, Assistance and Prevention (HHAP) program, the Multifamily Housing Program, and the Infill Infrastructure Grant program;

   b) Environmental grants. The Department of Water Resources and the California Natural Resources Agency provide state-funded financial assistance for water infrastructure, flood control, environmental restoration, and climate resilience projects; and

   c) Energy-related grants. The California Public Utilities Commission (CPUC) administers several grant programs that also rely on state-authorized funding or ratepayer-supported public purpose funds, including the Equity and Access Grant Program, California Advanced Services Fund, and Digital Divide grant.

As local governments receive state funding to administer state grant or loan programs, they often redistribute those funds to different entities, including private or non-profit entities.

4) **Companies with ICE contracts**. According to Fortune, hundreds of private entities contract with ICE, including industries related to detention operations, technology, logistics, and services. The scale of these contracts varies significantly, from relatively small service agreements to multi-million-dollar awards. One example is Motorola Solutions with contracts of around $15 million for tactical communications infrastructure.

5) **ICE detention centers in California**. As of 2026, there are seven detention centers in California operated by private entities under contracts with ICE. Three are in Kern County, two in San Bernardino County, one in each Imperial and San Diego Counties. Most recently, ICE awarded CoreCivic a new contract valued at $130 million to operate California's largest ICE detention center in California City until August 2027.

   Private entities operating these facilities or actively working with ICE may also maintain contracts with other governmental entities, including those receiving state funds through local agencies. The author wants to prevent state dollars going to entities that contract with ICE.

6) **Author's Amendments**. Due to timing associated with the double-referral of this bill, the author was unable to submit author's amendments within committee deadlines. The Committee may wish to amend this bill with the following amendments, as requested by the author:

   Add the following to section 8336:

   (d) For purposes of this section, "contracts with United States Immigration and Customs Enforcement" shall not include any contracts between United States Immigration and Customs Enforcement and a provider of health care, as defined in subdivision (p) of Section 56.05 of the Civil Code, to provide necessary health care services to individuals detained by, or whose care is the financial responsibility of, United States Immigration and Customs Enforcement.

7) **Arguments in Support**. The Inland Coalition for Immigrant Justice, sponsor of this bill, writes, "…Since the beginning of the current federal administration, communities across California have been terrorized by military style immigration raids, violent arrests, and the expansion of inhumane immigrant detention. These operations have spread a sense of fear and distrust across the state, with many living terrified of dropping children off at school, going to work, attending faith services, seeking medical or emergency services, or shopping for everyday needs.

   "Federal immigration agents have conducted raids while wearing masks and driving in unmarked vehicles to obscure their identities and subvert accountability for their actions. Across California, they have been documented assaulting citizens who were lawfully and peacefully protesting, employing excessive and brutal force as they unlawfully detain individuals, and permanently injuring individuals, even leading to deaths as a result of their tactics. In August 2025, federal agents unjustifiably shot three bullets into the vehicle of a family in San Bernardino, with no regard for whether they may injure or kill someone. In January 2026, a young, peaceful protester was permanently blinded by a weapon fired by federal agents in Santa Ana.

"Moreover, immigrant detention has expanded to accommodate for the scale of these operations, leading to the opening of the California City Detention Center with a capacity for over 2,600 detainees and the repopulation of the Adelanto ICE Processing Center. These detention facilities are plagued by inhumane conditions and have a well-documented history of medical neglect and in-custody deaths.

"This indiscriminate and unconstitutional behavior has wreaked havoc in California, and exacerbated a sense of general mistrust of the government among vulnerable community members, hindering their sense of safe access to the justice system and the state programs they are entitled to. As such, California has an obligation to ensure that its resources, human and financial, are used to protect the residents of this state. California must ensure that state and local resources do not fund any private entity that contracts, works, or partners with agencies carrying out federal immigration enforcement.

"SB 1171 would make any private entity that contracts, works, or partners with ICE, ineligible to receive consideration for a state funded loan, grant, or investment of any kind. This restriction is necessary to ensure none of California's resources are used to support or facilitate the harm coming from this administration's immigration enforcement efforts." (*citations omitted*)

8) **Arguments in Opposition**. The California Chamber of Commerce states, "…SB 1171 essentially attempts to punish any company who has a contract with ICE – regardless of the topic of the contract – by prohibiting that private entity from receiving any grants or loans. The topic of the contract, or the date of the contract, is not relevant to the prohibition at present text.

"Though, we appreciate that SB 1171 is narrower than some of the other bills in this area, and is more precise in its application, we still believe it is overbroad. SB 1171 does not distinguish among contracts with ICE and focuses its provisions on contracts that might be considered more morally problematic. For example – under SB 1171, a contract to provide basic information technology (IT) support would be treated the same as a contract to provide guns, body armor, or pepper spray directly to field agents…

"At a philosophical level, we do not believe that businesses should be compelled to participate in disagreements between California policymakers and the federal policies of the present – or any future – administration. To be clear, were the situation reversed and the federal government were to attempt to cut off any federal benefits to companies who, for example, provided contract services to a targeted group in California – we would be equally opposed, for the reasons outlined below.

"First, such political differences are necessarily short-term. Presidential administrations must end, and policies may be changed even within a President's term. The laws passed in response, however, will linger long after a given federal policy ends or is changed. Practically speaking, if SB 1117 were to pass, but the federal administration's policies on immigration enforcement were to change, this law would nevertheless remain in effect indefinitely.

"Second, this kind of law invites difficult state-vs-state and state-vs-national conflicts for national companies, which we oppose. Here, California may pass a law aimed at preventing a business from contracting with a federal agency – because California disapproves of the conduct at issue. Conversely, another state may pass a law punishing companies who do not fully support a federal policy – and punishing those who comply with California's law. In other words: businesses end up stuck between competing political priorities for different politicians in different regions when the business is merely trying to continue to operate. We oppose such 'rock-and-a-hard-place' choices for businesses operating in California."

9) **Double-Referral**. This bill is double-referred to the Assembly Governmental Organization Committee, where it passed on a 14-6 vote on June 24, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

Inland Coalition for Immigrant Justice
Inland Empire Immigrant Youth Collective
Public Counsel
San Bernardino Community Service Center, INC.

Concerns

California Special Districts Association

Opposition

California Chamber of Commerce

Analysis Prepared by: Angela Mapp / L. GOV. / (916) 319-3958